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Bangladesh

Oilseeds and Products

Annual

2007

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Report Highlights:

Bangladesh's vegetable oil imports, dominated by palm oil, are forecast to increase by about three percent to 1.1 million tons in MY 2007/08. Recently built soybean crushing plants in the country offer potential buyers for U. S. soybeans, provided prices are competitive vis-à-vis South American supplies.

Includes PSD Changes: Yes

Includes Trade Matrix: Yes

Annual Report

New Delhi [IN1]

[BG]

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SECTION I: SITUATION AND OUTLOOK

Production

Assuming normal weather conditions, MY 2007/08 (Jul-Jun) total oilseed production is forecast at 313,000 tons, comprising of 240,000 tons of mustard and 73,000 tons of other oilseeds, largely peanuts, from a slightly reduced planted area. Total oilseed production in MY 2006/07 is estimated at 305,000 tons (230,000 tons of mustard, 34,000 tons of peanuts, 33,000 tons of cotton seed and 8,000 tons of linseed), up by about 4 percent from the MY 2005/06 level. In addition, small quantities of soybeans are also produced, which are mostly used by the poultry industry.

Total oilseed crush in MY 2007/08 is forecast to increase by three percent to 652,000 tons (including 150,000 tons of imported soybeans and small quantities of rapeseed). Imported rapeseed, typically mixed with locally produced mustard seed, is crushed in expellers, whereas soybeans are crushed in the newly installed modern extraction plants.

Edible oil production in MY 2007/08 is forecast to increase to 205,000 tons (including 36,000 tons of soybean oil), up from an estimated 196,000 tons in 2006/07 (including 22,000 tons of soybean oil).

Consumption

High retail prices in recent years have slowed vegetable oil consumption growth, with MY 2006/07 consumption estimated at 1.3 million tons, almost unchanged from the MY 2005/06 level. Consumption in 2007/08 is forecast to increase marginally to 1.35 million tons.

Soybean oil is the most preferred cooking oil in Bangladesh. Due to the large price differentials between palm oil and soybean oil, local vegetable oil companies often adulterate soybean oil with palm oil, or misbrand palm oil as soybean oil. Soybean consumption in 2007/08 is forecast to increase to 300,000 tons from estimated 270,000 tons in MY 2006/07, due to increased domestic production and larger imports. Palm oil consumption is estimated to increase by about five percent to 860,000 tons in MY 2006/07. However, prevailing high international prices could restrict palm oil imports in MY 2007/08, with consumption forecast at 870,000 tons. The share of domestically produced edible oils is currently around 15 percent of the total consumption, with mustard/rapeseed oil consumption at around 175,000 tons. Mustard/rapeseed oil is the main cooking oil in rural areas and is also used by the food processing industry. Use of palm oil by hotels, restaurants, fast food shops, bakeries, and the food processing industry, is growing because of its lower price.

Trade

Oilseed imports in MY 2007/08 are forecast to increase to 370,000 tons from estimated 353,000 tons in MY 2006/07 due to larger purchases of soybeans (forecast at 160,000 tons). Soybeans are imported mostly from Argentina and rapeseed from Australia.

Palm oil imports in MY 2006/07 are estimated at 850,000 tons and are forecast to remain at the same level as MY 2007/08 due to high import prices. MY 2006/07 soybean oil imports are estimated at 240,000 tons and are forecast to increase to 270,000 tons in MY 2007/08. Additionally, around 16,000 tons of refined soybean oil, palm oil, sunflower oil and corn oil are imported in consumer packs from consolidators in Singapore and Dubai and marketed through superstores to cater to higher income consumers. Around 1,500 tons of these

imports are of U. S. origin. Brazil is the major supplier of crude soybean oil with a market share of around 80 percent. Crude palm oil imports are mostly from Indonesia and Malaysia, with market shares of around 52 percent and 47 percent respectively.

Soy meal imports in MY 2007/08 are forecast to decline to 150,000 tons from an estimated 170,000 tons in MY 2006/07, due to increased domestic production. India is the sole supplier of soy meal to Bangladesh due to its geographic proximity and lower freight cost.

Marketing

Recently commissioned soybean processing plants, with a processing capacity of 360,000 tons per year, represent a potential market for U.S. soybeans, provided prices are competitive vis-à-vis South American suppliers. Increased market promotional activities and technical assistance programs would help to create increase market access for U.S. soybeans in Bangladesh. Following the American Soybean Association's consumer education initiatives, a couple of pharmaceutical companies in Bangladesh have started using soy isolates and protein concentrates of U.S. origin in their health and nutrition products.

Policy

The existing tariff structure for vegetable oils and oilseeds are as follows:

Description	Customs Duty (%)	Development Surcharge (%)	Advance Income Tax (%)	VAT (%)	Total (%)
Refined oils	6.0	0.0	2.5	15.0	23.5
Crude oils	7.5	0.0	2.5	15.0	23.5
Oilseeds	0.0	0.0	2.5	0.0	2.5

In order to support the local crushing industry, the government has made oilseed imports duty-free and has abolished the VAT on oilseeds. The industry also enjoys duty free imports of processing machinery. There are no quantitative restrictions on imports of vegetable oils, oilseeds, and oil meals into Bangladesh.

SECTION II: STATISTICAL TABLES

Table 1: Commodity, Oil, Soybean, PSD

PSD Table									
Country	Bangladesh								
Commodity	Oil, Soybean						(1000 MT) (PERCENT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007
Crush	115	134	115	125	180	128	0	0	150
Extr. Rate, 999.9999	0.18	0.179104	0.182609	0.176	0.183333	0.171875	0	0	0.24
Beginning Stocks	20	11	20	27	18	27	0	0	19
Production	21	24	21	22	33	22	0	0	36
MY Imports	262	230	262	225	220	240	0	0	270
MY Imp. from U.S.	28	5	28	0	5	0	0	0	5
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	303	265	303	274	271	289	0	0	325
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	80	65	80	80	65	70	0	0	80
Food Use Dom. Cons.	196	182	196	177	187	200	0	0	220
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	276	247	276	257	252	270	0	0	300
Ending Stocks	27	18	27	17	19	19	0	0	25
Total Distribution	303	265	303	274	271	289	0	0	325
CY Imports	0	318	318	0	340	297	0	0	250
CY Imp. from U.S.	0	0	0	0	0	0	0	0	5
CY Exports	7	0	7	5	0	5	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

Table 2: Commodity, Oil, Palm, PSD

PSD Table									
Country	Bangladesh								
Commodity	Oil, Palm Kernel						(1000 MT) (PERCENT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007
Crush	0	0	0	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0	0	0	0
Beginning Stocks	39	39	39	65	49	65	0	0	55
Production	0	0	0	0	0	0	0	0	0
MY Imports	847	820	847	900	820	850	0	0	850
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	886	859	886	965	869	915	0	0	905
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	100	120	100	120	125	120	0	0	120
Food Use Dom. Cons.	721	690	721	805	700	740	0	0	750
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	821	810	821	925	825	860	0	0	870
Ending Stocks	65	49	65	40	44	55	0	0	35
Total Distribution	886	859	886	965	869	915	0	0	905
CY Imports	0	827	708	0	825	879	0	0	825
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0